

Message Text

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ACTION EUR-25

INFO OCT-01 ISO-00 CIAE-00 DODE-00 NSAE-00 NSCE-00 SSO-00

USIE-00 INRE-00 SP-03 AID-20 EB-11 NSC-07 RSC-01

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C O R R E C T E D C O P Y - PARAGRAPH 3. LINE 6

E.O. 11652: NA

TAGS: PINT DA

SUBJ: HARTLING GOVERNMENT SURVIVES CRISIS OVER TAX PACKAGE

REF: COPENHAGEN 1339

1. MINORITY MODERATE LIBERAL GOVERNMENT OF PRIMIN POUL HARTLING

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SURVIVED ITS MOST SERIOUS CRISIS THIS EVENING, MAY 15, IN DANISH

PARLIAMENT. GOVERNMENT'S SUCCESS IN FORCING ITS CONTROVERSIAL TAX PACKAGE THROUGH FOLKETING IS IMPRESSIVE EVIDENCE OF POLITICAL ACUMEN OF PRIME MINISTER AND HIS FINANCE MINISTER, ANDERS ANDERSEN, WHO CORRECTLY ESTIMATED WHAT PARLIAMENT WOULD FINALLY ACCEPT WHEN CHIPS WERE DOWN. ALTHOUGH NEW TAX MEASURES CAN BE EXPECTED TO PROVOKE ADDITIONAL PROTEST MEETINGS DURING NEXT DAY OR TWO, STEAM BEHIND PROTEST MOVEMENT WAS PROBABLY EXPENDED IN MAY 13 GIANT DEMONSTRATION, AND GENERAL PUBLIC SEEMS LIKELY TO ACCEPT EXCISE TAX INCREASES AS NECESSARY, IF UNPLEASANT, MEASURES.

2. VOTING AGAINST GOVERNMENT ON ENTIRE PACKAGE OF FOUR NEW EXCISE TAXES WERE THREE PARTIES ON THE LEFT, THE COMMUNISTS (6 SEATS), SOCIALIST PEOPLES PARTY (11), AND THE SOCIAL DEMOCRATS (47). AGAINST THIS SOLID 64 VOTE OPPOSITION, GOVERNMENT WAS ABLE TO MUSTER SECURE MAJORITIES RANGING FROM 106 TO 111 VOTES, ON INDIVIDUAL MEASURES. VOTING CONSISTENTLY WITH GOVERNMENT WERE PM'S OWN MODERATE LIBERALS (22), CENTER DEMOCRATS (14), CHRISTIAN PEOPLES PARTY (7), CONSERVATIVES (16), RADICAL LIBERALS (20) AND MOGENS GLISTRUP'S PROGRESS PARTY (27) PLUS ONE INDEPENDENT. JUSTICE PARTY (5 VOTES) VOTED AGAINST ON MOST PROPOSALS, BUT JOINED MAJORITY ON ONE ISSUE. LEGISLATION WILL INCREASE TAXES ON CIGARETTES, TOBACCO, SPIRITS, WINE AND BEER, AUTOMOBILES AND HOUSEHOLD APPLIANCES, AS WELL AS INCREASE ANNUAL LICENSE FEES ON MOTOR VEHICLES.

3. CRUCIAL FACTOR IN DEVELOPMENT OF MAJORITY WAS LATE AFTERNOON COMPROMISE WITH GLISTRUP'S PROGRESS PARTY, DURING WHICH KEY MEDIATORY ROLE WAS PLAYED BY CONSERVATIVE PARTY LEADERS. IN RETURN FOR GOVERNMENT'S COMMITMENT TO ABOLISH 2 1/2 PER CENT TAX ON SALE OF REAL ESTATE AND TO FIND BUDGETARY SAVINGS OF AT LEAST 5 BILLION DANISH KRONER (ABOUT 860 MILLION US DOLLARS) DURING FY 1975-76, GLISTRUP SHIFTED HIS PARTY'S VOTES (SECOND LARGEST BLOC IN FOLKETING) FROM OPPOSITION TO SUPPORT COLUMN, THUS PRO-

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VIDING GOV-

ERNMENT'S MARGIN OF VICTORY. BECAUSE PARLIAMENT IS DUE TO ADJOURN
FOR SUMMER RECESS WITHIN THREE WEEKS AND NO FURTHER ITEMS OF CON-
TROVERSY ARE ON AGENDA, IT APPEARS THAT HARLING'S VICTORY WILL
ASSURE HIS GOVERNMENT'S LIFE UNTIL NEXT FALL, WHEN SERIOUS PERILS
WILL AGAIN HAVE TO BE CONFRONTED.
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